Powers should yearn to escape from the .servitudes imposed upon them in the peace treaties. Hitler, for instance, insisted on a short-term army of 300,000. Here was the fundamental cause of the collapse of the efforts for the reduction of armaments and the stabilization of Europe—the sleepless antagonism between the beneficiaries and the victims of the *status qtw.*

When Barthou, distrusting Hitler's sincerity and alarmed by his armament estimates, broke off discussions with Germany in April, 1934, the Conference was dead.

While the attempt at disarmament was in progress, reparations were virtually wiped off the slate. The American blizzard had interrupted the economic recovery of Germany, whose inability to pay the sums due under the Young Plan was proclaimed by Briining in 1931 and confirmed by the newly instituted Bank of International Settlement at Basel at the end of the year. When the parties concerned met at Lausanne in June 1932 under the chairmanship of MacDonald, reparation payments were cancelled, except that Germany made herself responsible for interest and sinking fund on 150 millions, to be raised in certain circumstances after three years by the Basel Bank. Ratification of this paper sacrifice by the creditor Powers was made conditional on a settlement between them and their own creditors in the United States. Such an arrangement, however, proved unattainable. Congress declined to cancel or reduce the vast sums due from Europe, and the debtor states were unable to provide or at any rate to transfer their payments in full. England was ready for a deal, and MacDonald visited Washington to discuss the problem, but there was no response. We made one more half-yearly payment, followed by one or two token payments. The rest was silence. The whole crazy structure of reparations and

inter-allied debts, the existence of which had impeded recovery, had collapsed. By this time, however, the world was too sick to be cured or even sensibly relieved by the removal of these burdens; and the Monetary and Economic Conference held in London in June 1933, attended by sixty-four countries, broke down on the refusal of the United States to consider currency stabilization.

The same summer witnessed a fresh attempt to stabilize Europe by a political pact. Mussolini had realized earlier than most statesmen of the victorious Powers that Geimany could no longer be dictated to or ignored, and that the peace treaties, like other settlements, were not sacrosanct. He had